

Message Text

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ORIGIN EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 ISO-00 SP-02 USIA-06

AID-05 NSC-05 CIEP-01 TRSE-00 SS-15 OMB-01 CEA-01

CIAE-00 INR-07 NSAE-00 PA-01 PRS-01 IO-13 H-02 AGR-05

COME-00 LAB-04 FRB-03 L-03 /107 R

DRAFTED BY EB/ICD/TRP:TJO'DONNELL:BLO

APPROVED BY EB:JLKATZ

ARA/BR:THSHUGART

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P R 162357Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY ABIDJAN PRIORITY

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMEMBASSY BOGOTA

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E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: RUMORED BRAZILIAN PURCHASE OF ANGOLAN COFFEE

1. SINCE APRIL 2, RUMORS AND REPORTS HAVE BEEN CIRCULATING IN THE COFFEE TRADE AND TRADE PUBLICATIONS OF PLANS BY THE IBC TO PURCHASE LARGE QUANTITIES OF AFRICAN ROBUSTA COFFEE FOR USE IN THE MANUFACTURE OF SOLUBLE COFFEE FOR DOMESTIC BRAZILIAN CONSUMPTION. THESE REPORTS WHICH HAVE BEEN FRAGMENTARY AND OFTEN CONFLICTING, INDICATE A BRAZILIAN TRADE MISSION IS IN ANGOLA ATTEMPTING TO PURCHASE 500,000 TO 800,000 BAGS OF COFFEE. OTHER

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UNCONFIRMED REPORTS INDICATE IBC ALSO INTERESTED IN

BUYING COFFEE FROM THE IVORY COAST AND UGANDA.

2. THE EFFECT OF THESE REPORTS ON MARKETS HAS BEEN TO INCREASE UNCERTAINTY AND TO FURTHER FUEL SPECULATION. BETWEEN APRIL 2 AND APRIL 14 THE ICO INDICATOR PRICE FOR ROBUSTA COFFEES HAS JUMPED FROM 93.25 CENTS PER POUND TO \$1.06 AND THE ICO COMPOSITE INDICATOR FROM \$1.10 TO \$1.21. THE MARKET EFFECT OF THE REPORTS AND THE LACK OF A CLEAR STATEMENT OF IBC OBJECTIVES HAS LED TO CONSIDERABLE CONJECTURE ON IBC MOTIVES, MOST OF IT UNFAVORABLE.

3. THE PRESIDENT REQUESTED THE ADVICE AND CONSENT OF THE SENATE TO RATIFICATION OF THE ICA OF 1976 ON APRIL 5. HEARINGS HAVE NOT YET BEEN SCHEDULED. HOWEVER, AS WE LEARNED AT HOUSE AGRICULTURAL COMMITTEE HEARINGS ON COFFEE PRICE INCREASES MARCH 16 (WHEN THE ICO COMPOSITE INDICATOR WAS 97.92 CENTS PER POUND), THE CONGRESS IS EXTREMELY SENSITIVE TO RAPID PRICE RISES.

4. BRAZILIAN POSTS ARE REQUESTED TO REPORT ANY INFORMATION THEY MAY HAVE ON IBC PLANS TO PURCHASE ROBUSTA COFFEE INCLUDING VOLUME, ORIGIN AND TERMS. EMBASSIES LONDON AND ABIDJAN REQUESTED TO REPORT ON THE LIKELIHOOD OF THE IVORY COAST OR OTHER AFRICAN PRODUCERS SELLING LARGE VOLUMES OF ROBUSTA COFFEE TO THE IBC. ROBINSON

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Draft Date: 16 APR 1976
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Decaption Note:
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Disposition Approved on Date:
Disposition Authority: ElyME
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